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THE Demand and Price SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C. BAE AUGUST 1952

Approved by the Outlook and Situation Board, September 2, 1952

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SUMMARY

Demand for farm products and other goods and services continues strong. Consumer purchases rose a little from the first to the second quarter of this year as personal income remained high and use of consumer credit increased substantially. Consumer buying of most goods continued relatively high in July, but automotive purchases were down about one-fifth from June.

Output of factories and mines in July dropped to the lowest level since 1950, largely as a result of the work stoppage in the steel industry and plant shutdowns in many metal-working industries. However, following settlement of the steel dispute, industrial output rose sharply in August and further improvement is in prospect for September.

The high level of retail sales and sharply curtailed output of some durable goods have reduced total business inventories appreciably. Consequently, the ratio of stocks of business establishments to their sales is lower than a year ago.

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1951 Year	1951 July	1952 April	1952 May	1952 June	1952 July
Industrial production 1/							
Total	1935-39=100	220	212	216	211	203	191
All manufactures	do.	229	222	225	224	213	200
Durable goods	do.	273	265	277	277	247	224
Nondurable goods	do.	194	187	183	180	187	180
Minerals	do.	164	156	166	140	147	143
Construction activity 1/ #							
Contracts, total	1947-49=100	171	162	171	168	172	
Contracts, residential	do.	170	179	189	186	193	
Wholesale prices 2/ #							
All commodities	1947-49=100	115	114	112	112	111	112
All commodities except farm and foods	do.	116	116	113	113	113	113
Farm products	do.	113	111	109	108	107	110
Processed foods	do.	111	111	108	109	108	110
Prices received and paid by farmers 3/							
Prices received, all products	1910-14=100	302	294	290	293	292	295
Prices paid, interest, taxes and wage rates	do.	281	282	289	289	286	286
Parity ratio	do.	107	104	100	101	102	103
Consumers' price 2/ 4/							
Total	1935-39=100	186	186	189	189	190	191
Food	do.	227	228	230	231	232	235
Nonfood	do.	164	164	167	167	168	168
Income							
Nonagricultural payments 5/	Bil. dol.	233.6	234.0	242.9	244.9	245.3	
Income of industrial workers 3/	1935-39=100	428	420	422	421	411	
Production worker pay rolls 2/#	1947-49=100	129	126	128	128	127	
Weekly earnings of factory workers 2/							
All manufacturing	Dollars	64.88	64.24	65.83	66.61	66.98	65.84
Durable goods	do.	69.97	68.79	71.03	71.72	71.80	69.67
Nondurable goods	do.	58.50	58.48	58.75	59.56	60.87	61.26
Employment							
Total civilian 6/	Millions	61.0	62.5	60.1	61.2	62.6	62.2
Nonagricultural 6/	do.	54.0	54.6	53.7	54.2	54.4	54.6
Agricultural 6/	do.	7.0	7.9	6.4	7.0	8.2	7.6
Government finance (Federal) 7/	Million dollars						
Income, cash operating	do.	4,945	2,854	4,689	4,722	9,988	
Outgo, cash operating	do.	4,836	4,843	5,972	5,751	6,978	
Net cash operating income or outgo	do.	+109	-1,989	-1,283	-1,029	+3,010	

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

Revised series.

Price changes in recent weeks were generally small. Prices received by farmers in mid-August continued at the July level. Grains and cotton were up from the preceding month but truck crops and fruits were off seasonally. Livestock product prices averaged higher largely because of seasonal increases for dairy products and higher prices for eggs. Prices paid by farmers including interest, taxes and wage rates rose slightly over the month. The parity ratio remained at the July level of 103, down one point from a year earlier.

Wholesale prices, relatively stable from March through June, rose gradually during July and August. Consumer prices for moderate income families in large cities rose slightly in July from the record levels of June.

Total output of farm products in 1952, according to August 1 indications, will be a little larger than last year despite adverse growing conditions in a large part of the South and in other areas during the first part of the summer. The prospective crop output would be up slightly from 1951 and larger than in any other year except 1948 and 1949. Production of livestock products as a group is expected to be above 1951 and the largest on record.

Commodity Highlights

An increase in cattle marketings over last year following a rise of several years in production and a decrease in hog marketings because of smaller pig crops are the chief current developments in the meat animal situation. Some firming but no appreciable increase is likely in prices of feeder cattle until after the main marketing season is over. Hog prices this fall may decline no more than usual for the season, and average about as high as or a little higher than last fall. With demand continuing strong, prices for fluid milk and manufactured dairy products have begun to advance, though no more than seasonally so far. Indications are that egg production in the next few months will be larger than a year ago. Edible vegetable oil prices advanced slightly in August, but lard prices declined. Total production of feed grains was indicated on August 1 to be slightly above 1951 production, but the total supply was estimated at 5 percent less than in 1951-52. Wheat supplies this year are expected to be the third largest in history and prices are expected to average slightly below the effective loan level. Grower prices for most deciduous fruits marketed in volume in September probably will average about the same as or lower than a year earlier. Prices paid to farmers for fresh market truck crops in general this fall are expected to remain higher than prices a year earlier. Prices paid to growers for most processing crops may average as high as or slightly higher than last year. However, prices for tomatoes, spinach and green lima beans may be slightly lower. Some seasonal reduction in potato prices have occurred as increased late-crop supplies came to market in late August.

Prices of wool in most foreign markets advanced considerably between late March and early August but changed little during August. Production of both flue-cured and Burley tobacco was cut by the drought, but with substantial carry-overs total supplies for 1952-53 will be close to levels of the previous year.

TOTAL DEMAND FOR GOODS AND SERVICES

Consumer Demand
Firm

Retail sales, adjusted for seasonal factors, totaled about the same in June as the month before. Total sales by durable goods stores were off about 2 percent as a 7-percent drop in sales by the automotive group more than offset 5-and 8-percent gains in the homefurnishings and the building materials and hardware groups. Sales of nondurable goods were somewhat higher as gains by apparel stores and the general merchandise group about balanced decreases of 3 percent in sales by eating and drinking places and the "other nondurable" goods stores. Compared with a year ago, total retail sales in June were up 7 percent with relative increases somewhat higher for durable than for nondurable goods stores. Most significant changes from last year were the gains of 14 percent for homefurnishings and 7 to 9 percent for the automotive, apparel, and food groups.

Total retail sales were off 4 percent in July, with the entire decrease coming in durable goods. Salesby the automotive group dropped nearly one-fifth as passenger car assembly plants were hard hit by material shortages. Other durable-goods retailers also registered moderate declines. Nondurable goods remained steady as a gain in sales by food stores offset smaller sales of general merchandise.

Sales by department stores, after having risen in May and June, dropped about 5 percent in July to the level of a year earlier.

An increase in the volume of consumer credit contributed to the firmness in retail sales in June. Instalment credit outstanding rose nearly 600 million dollars (or 4 percent) during the month. Credit granted for the purchase of automobiles was the most important factor in the rise. Charge accounts outstanding at the end of June were 1 percent higher than the month before. The gain in total volume of consumer credit outstanding from the suspension of consumer credit controls in early May to the end of June amounted to more than a billion dollars. The 20.9 billion dollars outstanding at the end of June is nearly .3 billion higher than the previous record established in December 1951.

The volume of consumer credit outstanding rose further in July as instalment credit continued to expand.

Retail inventories declined slightly from May to June after allowance for seasonal variations. A 9-percent drop in automotive stocks accounted for most of this decrease, but inventories of homefurnishing and general merchandise stores also declined moderately. The only significant increase was a 5-percent rise in food-store inventories. Other stores showed little change.

Total retail inventories were down 13 percent from June 1951, with largest declines registered by homefurnishings, 32 percent; automotive, 23 percent; general merchandise, 12 percent; and apparel, 10 percent. Stocks held by food stores rose 5 percent, the only important increase. With sales up and inventories down, stocks and sales show a more favorable relationship than a year ago.

Personal income in June was at a seasonally adjusted annual rate of 266 billion dollars, up 1.5 billion from May. This is a new record. Total wage and salary disbursements were somewhat higher despite the work stoppage in the steel industry as idled workers were paid wages earned in May. Proprietors' and rental income increased 2 percent but other categories showed little change.

Total personal income in June was nearly 5 percent higher than a year earlier. Wage and salary disbursements were up 4 percent from June last year. But larger relative gains were reported for proprietors' and rental income, personal interest income and dividends, and Government wage and salary disbursements.

Construction Activity Continues Strong

Expenditures for new construction in July reached a record total of nearly 3.1 billion dollars, 3 percent higher than in June and 7 percent above July 1951. This shows that the steel dispute had little adverse effect on construction outlays in July. Available evidence indicates that full effects of the shutdown will not be felt until later.

With seasonal advances in all major categories, private construction was 3 percent higher than in June, but only 1 percent above a year earlier. About half of private construction outlays was for new residential construction, which was up 4 percent from last July. Industrial construction was nearly 3 percent less than a year ago, but outlays by public utilities were up 10 percent.

Public construction rose 2 percent in July as most categories advanced. Federal spending for atomic energy and defense plants increased 9 percent and was nearly double the rate for July last year. Highway construction was 12 percent and military and naval construction outlays were 80 percent above July 1951, but many other public expenditures were down, some by more than one-fifth.

New housing starts totaled 104,000 in July, down 2 percent from June. Private housing starts totaled 102,400, up 3 percent from the month

before. Public housing authorities started only 1,600 units in July compared with 6,800 in June. The total number of new units started in July was up 15 percent from a year ago, and the largest for that month in any other year except 1950.

On a seasonally adjusted basis, preliminary estimates indicate that total housing starts were at an annual rate of 1,088,000 during July, compared with 1,063,000 for June. If the seasonally adjusted annual rate in August also is under 1,200,000, the Defense Production Act provides that Federal credit controls cannot require a minimum down payment in excess of 5 percent of the transaction price.

National security spending was at an annual rate of 50.3 billion dollars in the second quarter of this year, and Treasury expenditures indicate that it continued to rise in the first half of the third quarter as military hard goods came off assembly lines in increasing volume.

OUTPUT AND EMPLOYMENT

Drought Cuts Prospective Farm Output

Although adverse weather conditions in a large part of the South cut prospective farm output during July, total output of farm products this year probably will be a little larger than in 1951. The deterioration in crop prospects from July 1 to August 1 for corn, hay, tobacco and sweetpotatoes was partly offset by improved prospects for wheat, barley, flaxseed, dry beans, and sugar crops.

With increases looked for in meat animals and poultry products, total production of livestock and livestock products is expected to be somewhat larger than last year. The reduction in pork output will be more than offset by a rise in beef production.

Industrial Production Drops Again in July

The Federal Reserve Board index of industrial production, after adjustment for seasonal variation, dropped to 191 (1935-39=100) in July, the lowest since April 1950. Durable manufactures declined another 9 percent as the work stoppage in the steel industry continued until the last week of the month and material shortages idled many factories in the metal-working industries. Hardest hit was the automobile industry. Passenger car assemblies in July were reduced about three-fifths to around 175,000 units. In the last week of July, only 14,000 autos were produced. The index of nondurable production was down about 4 percent, largely because of plant shutdowns for summer holidays. With further slackness in the mining of bituminous coal, mineral production dropped 3 percent.

Industrial output improved with the settlement of the dispute in the steel industry and for August is expected to be back to about the levels of May. Further improvement is in prospect for September.

Manufacturers' sales after seasonal adjustment dipped 1 percent in July as larger sales of nondurables partially offset the losses due to the shortage of steel. Durable goods sales were off more than 5 percent from the June rate with the sharpest declines centered in motor vehicles. Nondurables advanced 2 percent due largely to higher sales of food and apparel.

New orders received by manufacturers in July were down considerably from the record June volume, as a sharp drop occurred in orders for durable goods. However, total new orders exceeded sales and the backlog of unfilled orders increased 2 percent. Nearly all of this rise was in durables, but unfilled orders for nondurables also were up somewhat. Inventory book values at the end of July on a seasonally adjusted basis were about 1 percent lower than the month before. The liquidation was centered in the durable goods group where inventories were drawn down most heavily in the fabricated metals, machinery, and motor vehicle industries. Inventories of nondurable goods producers rose slightly primarily because of larger stocks in the hands of food processors.

Seasonally adjusted wholesale sales in June were up only slightly from the month before and were little changed from a year earlier. Wholesale inventories at the end of June totaled about the same as the month before but were 6 percent less than a year earlier.

Employment Down in July

Total employment in July was 62.2 million, down contraseasonally from June by 350,000. The number of employed persons who were at work totaled 56 million, a drop of nearly 3 million from the previous month. The number of workers with a job but not at work increased 2.6 million, or about 74 percent. Most of these workers were on vacations from their jobs, but an important part were workers who were idled as a result of the work stoppage in the steel industry. Total nonagricultural employment increased slightly from June, but less than usual for the month. The total civilian labor force declined a little and the increase in unemployment was about normal. Reported unemployment in July at 1.9 million, was 3 percent of the total labor force.

Total farm employment in July as reported by the BAE was 11 million, virtually unchanged from the previous month but down more than 4 percent from last year. Farm work made excellent progress during July as hot dry weather made it possible for farmers to keep their work on schedule.

COMMODITY PRICES

The all commodity index of wholesale prices was 112.2 percent of the 1947-49 base on August 19, about 1 percent higher than in the middle of July. Wholesale prices for processed foods rose almost 2 percent while minor advances were made in the prices of farm products and commodities

Table 1.- Indexes of wholesale and basic commodities prices, selected groups, August 19, 1952 with comparisons

Group	Aug. 19, 1952	July 15, 1952	August 1951	August 19, 1952 percentage change from July 15, 1952	August 19, 1952 percentage change from August, 1951
				Percent	Percent
28 Basic commodities (Aug. 1939=100)					
General index	292.9	294.1	325.0	- .4	- 9.9
Raw industrial	268.1	268.3	307.1	- .1	- 12.7
Imported commodities	283.5	286.5	338.6	- 1.0	- 16.3
Foodstuffs	359.9	360.9	368.2	- .3	- 2.3
Wholesale prices (1947-49=100)					
All commodities	112.2	111.2	113.7	+ .9	- 1.3
Farm	110.1	109.6	110.4	+ .5	- .3
Food, processed	111.1	109.2	111.2	+ 1.7	- .1
All other than farm and food	112.8	112.0	114.9	+ .7	- 1.8

other than farm and food products. Prices for each of these commodity groups were less than 2 percent lower than August 1951. The general index of 28 basic commodities in mid-August was 292.9 (August 1939=100), down slightly from July 15. Prices on imported raw materials were off about 1 percent during the month, but prices for foodstuffs and raw industrial materials were down somewhat less. Prices for these commodities averaged nearly 10 percent under mid-August a year earlier, with foodstuffs down only slightly and raw industrials and imported commodities down 13 and 16 percent.

The index of prices received by farmers remained at 295 on August 15 (1910-14=100), unchanged from a month before and only slightly higher than a year earlier. Crop prices averaged down somewhat from mid-July as seasonal declines in truck crops and fruit offset higher prices for other crops. Compared with August last year, average prices for all major groups except food grains and fruit were higher, with truck crops up one-fourth and "other vegetables" 95 percent higher.

Prices for livestock and livestock products averaged a little above July, but 6 percent lower than a year ago. Slightly higher prices for sheep and hogs were more than offset by lower prices for other meat animals and the average for the group was down a little from a month earlier, and down a tenth from August last year. August prices for dairy products were 3 percent and poultry and eggs 8 percent higher than a month before, but only dairy products were above a year ago. Prices for poultry and eggs were off 3 percent and wool was down one-third from year-earlier levels.

The parity index -- prices paid including interest, taxes and farm wage rates--rose 1 point during the month ending August 15 to 287. Prices paid by farmers for commodities used in production rose as higher prices for feed and motor supplies more than offset lower average prices for feeder livestock. Rural family living costs remained unchanged. Prices paid by farmers for food turned down for the first time since last March, reflecting sharp seasonal downturns in prices of tomatoes and apples. Retail prices for building materials were also lower, but the reductions were offset by increases in the cost of clothing, auto supplies and fuel. The parity ratio -- the ratio of the index of prices received to the index of prices paid, including interest, taxes and wage rates -- remained unchanged at 103, the same as a month ago but down 1 point from last year.

The consumers' price index for moderate income families in large cities stood at 190.8 percent of 1935-39 in July, up 1.2 percentage points from the record level of June. Higher food prices, paced by a 23 percent increase in the price of eggs, were chiefly responsible for the advance, but rent, miscellaneous outlays, and utilities were also above the previous month. Prices for apparel and housefurnishings were off slightly. Consumer prices in July were about 3 percent higher than a year earlier.

Table 2.- Group indexes of prices received by farmers, August 15, 1952 with comparisons

(1910-14=100)

Group	Aug. 15, 1952	July 15, 1952	Aug. 15, 1951	August 15, 1952 percentage change from July 15, 1952	August 15, 1952 percentage change from August 15, 1951
Food grains	236	230	234	+ 3	+ 1
Feed grains and hay	233	227	215	+ 3	+ 8
Cotton	319	311	291	+ 3	+ 10
Tobacco	436	436	430	0	+ 1
Oil-bearing crops	310	307	294	+ 1	+ 5
Fruit	206	214	207	- 4	1/
Truck crops	229	287	181	- 20	+ 27
Vegetables 2/	361	359	185	+ 1	+ 95
All crops	272	276	244	- 1	+ 11
Meat animals	372	376	416	- 1	- 11
Dairy products	295	286	277	+ 3	+ 6
Poultry and eggs	225	208	231	+ 8	- 3
Wool	292	296	433	- 1	- 33
Livestock and products	316	312	336	+ 1	- 6
Crops and livestock and products	295	295	292	0	+ 1

1/ Less than .5 percent.
2/ Potatoes, sweetpotatoes and dry beans.

FARM-RETAIL PRICE SPREADS

Charges for assembling, processing, and distributing the farm-produced foods in the family market basket were at an annual rate of $391 in July, $20 higher than a year earlier. Higher charges for marketing fresh fruits and vegetables accounted for more than half of this increase, although marketing charges were higher for all commodity groups except poultry and eggs and miscellaneous products. Hourly earnings of employees engaged in food marketing averaged $1.56 in June (the latest data available), 5 percent higher than in June 1951. Costs of transportation and of other marketing services were also higher.

Table 3.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, June and July 1951 and 1952, and 1951 annual average.

Year and month	Retail cost 2/	Farm value 3/	Marketing charges 4/	Farmer's share
	Dollars	Dollars	Dollars	Percent
1951 average ...	722	360	362	50
1951 - June ...	724	355	369	49
July ...	723	352	371	49
1952 - June ...	746	359	388	48
July ...	756	365	391	48

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39.

2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. Expenditure for all foods per family is currently considerably more than the retail cost of the foods in the market basket which does not include imported foods, nonfarm foods such as fishery products, or foods consumed on farms where produced. Moreover, it does not reflect the higher postwar level of food consumption nor does it allow for service charges on meals eaten in restaurants.

3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes.

Farmers received approximately 48 cents of the dollar that consumers spent for farm foods in July compared with 49 cents in July 1951. This reduction was caused by an increase of $33 in the retail cost of the farm foods in the market basket compared with an increase of only $13 in their farm value.

FARM INCOME

Farmers' cash receipts from marketings in the first eight months of 1952 were about 18.9 billion dollars, 3 percent more than in the corresponding period in 1951. A moderate increase in the volume of sales during this period was largely offset by lower average prices.

Receipts from livestock and products in the first eight months were about 11.9 billion dollars, down 4 percent from a year ago. Receipts from meat animals were about 6 percent below last year because of lower prices, especially for hogs. Poultry receipts were also less, reflecting lower prices for eggs and chickens. Dairy receipts, however, were slightly higher than in 1951. Crop receipts in the eight-month period were about 7.0 billion dollars, or 18 percent more than last year, with wheat, cotton, vegetables, and fruits all sharing in the gain.

Total cash receipts in August were about 2.9 billion dollars, 5 percent more than in July but 3 percent below August 1951. Receipts from livestock and products were around 1.5 billion dollars, 5 percent above the previous month but down 9 percent from last August. Meat animals and poultry and eggs were a little above July but dairy receipts were lower. Meat animals and poultry and eggs were down from a year ago, because of smaller marketings of hogs and lower prices of eggs and chickens, but dairy receipts were about the same.

August crop receipts were approximately 1.4 billion dollars, 5 percent above July and about 3 percent above a year ago. Cotton and tobacco were seasonally higher than in July, but wheat was down.

LIVESTOCK AND MEAT

An increase in cattle marketings over last year following a rise of several years in production, and a decrease in hog marketings because of smaller pig crops, are the chief current developments in the meat animal situation. They have been intensified to some degree by drought and by embargoes on hog marketings in various areas.

With August rains occurring in some drought areas and disaster loans for farmers authorized, there was little selling of cattle breeding herds. However, young stock have been marketed earlier, at lighter weight, and in greater numbers than they otherwise would have been. Many of the cattle marketed from drought areas have moved to the Corn Belt, where a large corn crop is in prospect. The volume of cattle feeding this winter may be the largest of record.

Appearance of the hog disease, vesicular exanthema, led the Federal Government and several State Governments to control shipments of hogs through embargoes. Marketings of hogs in early August were temporarily reduced in the Western Corn Belt but have since increased. Restrictions have recently been eased somewhat.

Hog marketings and slaughter will rise seasonally in months ahead but the total for the fall and winter will be down from a year earlier because the spring pig crop in 1952 was 9 percent smaller than in 1951. Prices of hogs at Chicago in mid-August were near those of last August. Prices this fall may decline no more than usual for the season, and average about as high as or a little higher than last fall.

Prices of feeder cattle are sharply below last year and prices of well finished slaughter cattle are down moderately. Some firming is possible but no appreciable increase is likely in prices of feeder cattle until after the main marketing season is over.

Because of the lower prices for feeders, profits from feeding this winter could be higher than last winter. This is likely despite the prospect for further decline in prices of slaughter cattle and the outlook that prices for feed will be as high as or higher than last year. Lower prices of slaughter cattle in months ahead would result from increases expected both in slaughter of fed cattle and total cattle slaughter.

The 1952 lamb crop was 2 percent larger than the 1951 crop but small compared with earlier years. Sheep and lamb slaughter this fall will not differ greatly from last fall.

The Mexican border was opened for imports of cattle on September 1. Prospects are that a few hundred thousand head of steers will enter during the first year. The bulk probably would go to ranges or for feeding rather than directly to slaughter.

DAIRY PRODUCTS

Supplies of milk for the United States as a whole have been declining more than usual since reaching a seasonal high around the first of June. With demand continuing strong, prices for fluid milk and manufactured dairy products have begun to advance, though no more than seasonally so far. However, hot dry weather in many areas has resulted in substantial increases in fluid milk prices in some localities.

Milk production in July was 11 billion pounds, the lowest for that month since 1940 and 3 percent less than in July 1951. The number of milk cows in June this year was 1 percent below a year earlier, but most of the decline in milk output from July 1951 was due to the reduced rate of milk production per cow. Although grain and concentrate feeding were increased to a record high this was not enough to offset the poor pastures and hot weather. Milk flow will decline seasonally until November and probably will continue below the 1951 level. Storage stocks of dairy products also total below 1951.

The wholesale price of butter in late August reached 74.5 cents per pound, the highest since early March of this year. Compared with a year earlier, prices in late August were higher than last year by 12 percent for butter, 6 percent for cheese, 3 percent for dry whole milk, 11 percent for nonfat dry milk. Canned milk prices were essentially unchanged.

Prices for milk used in fluid outlets have increased sharply in many areas affected by hot dry weather. In many Federal order markets in the South, premiums over established minimum levels are being paid farmers. But it is still necessary to import milk from distant points; inter-regional shipments of milk are relatively large for this time of the year. The price of milk used in city distribution advanced to $5.42 per 100 pounds in August, a record high for that month, compared to $5.12 a year earlier. The retail price in 25 cities increased to 23.2 cents in August compared to 22.1 in August 1951. Increases in fluid milk prices probably will be more than seasonal in the next several months.

POULTRY AND EGGS

At 48.3 cents per dozen, the U. S. average price received by farmers for eggs in mid-August was 1.3 cents below the price a year earlier. Last spring prices averaged about 9 cents below 1951. Despite downturns in late July and again in late August, the net rise since mid-June has carried egg prices to a higher level, after seasonal adjustment, than they were during the spring. The net result has been to bring the recent mid-month egg-feed price ratios to points much nearer the long-time averages than they were earlier when the ratios were unfavorable to producers.

Egg output was 5 percent larger through May 1952 than in 1951, but production in both June and July was below a year ago. This decline relative to last year was a factor in the egg price increase. On August 1, egg output was about equal to that of a year earlier. Past trends indicate that output in the next few months will be larger than a year ago. This suggests only limited egg price rises for the remainder of the fall, in contrast with the sharp increase from June to August.

Marketings of farm chickens are approaching their season peak. The U. S. average prices received by farmers during the last 4 months -- June, 21.6 cents per pound; July, 21.7; August, 22.3 -- have been the lowest since November 1950.

Broiler prices, at 30.9 cents per pound in mid-August, were up 1.7 cents from the previous month. Nevertheless, weekly broiler chick placements are declining much more sharply than is normal for the late summer and fall months when hatching eggs become scarce. August placements in the 11 reporting areas were only 94 percent of the volume of last year. If placements continue low, broiler prices may remain near present levels even through the period when marketings of farm chickens and turkeys are seasonally heavy.

Turkey prices, 32.6 cents at the farm in mid-August, were 2.7 cents below last year. As the holiday months approach, the turkey price will rise seasonally, but, in view of the prospective record crop, perhaps not to year-ago levels. On August 25, the Department of Agriculture announced a surplus removal program under which it offers to purchase a part of the large output. Purchases will be distributed to school lunches and other similar outlets.

FATS, OILS AND OILSEED

The margin between prices of edible vegetable oils and lard was wider than usual during most of August as oil prices rose while lard prices declined. However, toward the end of the month the price of lard rose sharply. Lard prices have been largely determined by exports which have dropped substantially in recent months. Prices of inedible fats and oils in August remained about the same as the month before. Demand for these products has been weak for many months.

Output of food fats in the year beginning October 1, 1952 is likely to be moderately less than in the current year. However, the reduction will be partly offset by larger stocks at the beginning of the year.

On the basis of reports as of August 1, the 1952 soybean and cottonseed crops may be down 6 and 5 percent from last year. The prospective peanut crop is also down sharply and it is probable that only oilstock shelled peanuts and those which do not grade up to standards for other uses will be crushed for oil. Production of lard in the coming crop year may be smaller than in the two preceding years, although still large. The 1952 spring pig crop was 9 percent less than last year and farmers' intentions on June 1 indicated that the 1952 fall pig crop would also be down 9 percent from the year before. Production of butter is expected to decline slightly.

Production of 1952 crop flaxseed is placed at 29.7 million bushels, 4.1 million less than in 1951. The entire decline reflects smaller plantings. However, stocks of linseed oil at the beginning of the 1952 flaxseed year were larger than total disappearance (domestic plus exports) in 1951-52.

The USDA announced on August 25 that prices to growers of 1952 crop tung nuts will be supported at $67.20 per ton, basis 17.5 percent oil content. Grower-owned tung oil will be supported at 26.5 cents per pound. These supports are the same as for the 1951 crop.

CORN AND OTHER FEED

Feed grain prices increased slightly from July, and in mid-August averaged 7 percent higher than the year earlier. Greatest increases from a year earlier were in barley and sorghum grain prices, reflecting much smaller 1952 supplies of these grains. The price of sorghum grain reached parity in August, and prices of the other feed grains were all above the 1952 supports. Prices of wheat millfeeds increased about 10 percent from July to August, while prices of the oilseed meals and most of the other high-protein feeds remained at ceiling levels.

Dry weather in July reduced production of feed grains and forages, especially in the South. The total production of feed grains was indicated on August 1 at 115 million tons, 10 million tons less than was indicated in July, but slightly above the 1951 production. The total

supply of feed grains and other concentrates was estimated in August at 162 million tons, 5 percent under 1951-52. While a supply of this size would be well above the prewar average, either in total or per animal unit, it would be smaller than in any of the past four years. The corn supply, based on indications in August, is a little over 3.6 billion bushels, down slightly from 1951. The estimated supply of oats is 5 percent and barley 16 percent smaller, while the sorghum grain supply is less than one-half as large as in 1951-52.

The hay supply for 1952-53 is 7 percent below last year and the smallest since 1944 in relation to the increased number of hay-consuming livestock. Supplies are generally adequate in the Corn Belt and throughout most of the West, but are short throughout most of the South and in areas of the Northeast. Because of the drought the South is more dependent than usual on in shipments of hay and other feeds. An Emergency Hay Program has been set up to aid in moving hay into this area. Pastures have been much below average this summer, especially in the South.

Dollars-and-cents ceiling prices were recently established by OPS on cottonseed feed products. Under the new regulations, effective August 25, processor's ceiling prices on cottonseed meal ranged by states from $78 to $81 per ton.

WHEAT

Wheat supplies in prospect for this year and next probably will exceed domestic and export requirements and increases in the year-end carry-over stocks are expected for the 1952-53 marketing year and probably also for the 1953-54 years. This year, supplies are estimated to be the third largest in history and the carry-over next July 1 is expected to be about double the 254 million bushels on July 1, 1952.

The national wheat production goal for the 1953 harvest calls for 72 million seeded acres. This would compare with the 77.5 million acres seeded for the 1952 crop, the 1947-51 average of 78 million and the record of 83.9 million in 1949. Average yields on 72 million acres would result in a crop of about 1.1 billion bushels. This would be enough to meet anticipated exports and domestic requirements and probably add some to reserves on July 1, 1954. In some years, however, farmers have exceeded the acreage goals. If goals are exceeded in 1953 the increase in wheat supplies, at average yields, would add to the July 1, 1954 carry-over about 15 million bushels for each additional one million acres seeded.

During the current marketing year, prices of wheat are expected to average slightly below the effective loan level--the support price of $2.20 minus a storage deduction. Cash wheat prices have advanced since late June but are expected to continue generally below the effective support until late fall or early winter. Recent legislation provides for mandatory 90 percent of parity support prices again for the 1953 crop, which means that wheat prices in 1953 may not be much different than those now being realized.

FRUIT

Prices received by growers for apples in September are expected to average higher than in the same month of 1951, largely as a result of a smaller crop and stronger demand for apples for processing. But grower prices for most other deciduous fruits marketed in volume that month probably will average about the same as, or lower than, a year earlier. Weaker demand from canners will continue to effect prices for these fruits in September, a heavy month for processing.

Prospects are that commercial exports of fruit in 1952-53 will not be as large as in 1951-52, when the major volume of deciduous fruit exported was done through export-payment programs. Western Europe has prospects for a relatively large apple crop in 1952. Furthermore, less United States fruit than in 1951-52, especially apples and dried prunes, probably will be available for export. With limited dollar exchange in foreign countries, these countries are not likely to relax import restrictions.

Production of deciduous fruits in 1952 is expected to be about 10 percent smaller than the 1951 crop and 6 percent below the 1941-50 average. Output of canned fruits in 1952-53 probably will be about 10 percent smaller than the 1951-52 pack. But with a large carry-over, civilian supplies are expected to be as large as in 1951-52. A moderate reduction in pack of canned fruit juices, mostly citrus, probably will be more than offset by increased production of frozen fruit juices. Production of frozen fruits and berries (excluding juices) probably will be smaller than in 1951. Output of dried fruits is still uncertain.

Supplies of fresh oranges and grapefruit are expected to be lighter and prices probably not quite as high in September as in the same month of 1951.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices paid to farmers for fresh market truck crops in general this fall are expected to remain high relative to a year earlier. However prices for individual crops will vary according to supply conditions. Prospective early fall production of tomatoes from California is almost one-tenth larger than a year ago, and far above average. Prices for early fall Domestic cabbage and celery probably will average higher than a year earlier, since indicated production is down from last year.

During the corrent summer season production has been generally below a year ago and below average. Only summer cantaloups, carrots and lettuce were produced in larger quantity than last summer.

For Commercial Processing

Unfavorable weather during July cut down the prospective yield in some areas of snap beans, peas, and tomatoes grown for commercial processing. Except for tomatoes, however, it appears likely that production of

most of the major processing crops will approach or exceed the goals suggested by the Department early this year. Indicated production of tomatoes is about 7 percent below the goals. Indications are that prices paid growers for processing crops this year may average slightly lower than last for tomatoes, spinach, and green lima beans, but about as high as last year, or higher, for most other processing crops.

POTATOES AND SWEETPOTATOES

When the late crop begins moving in heavy volume this fall, prices paid farmers for potatoes probably will decline about seasonally. The crop in the Surplus Late States according to August 1 estimates is expected to be about 15 million bushels, or 6 percent larger than the crop in these states last year. The short crop in the Intermediate States, which is 30 percent smaller than last year and less than half of the 10-year average, was reflected in strong prices at mid-August. As increased late-crop supplies came to market in late August some seasonal price reductions have occurred.

Although the August 1 crop report indicates a slightly smaller sweetpotato crop than the very short 1951 crop, there may be a slightly larger supply available for northern markets. Substantial increase over last year are indicated for the crops in Louisiana and Texas, where much of the crop is grown for sale. Grower prices are expected to remain relatively high, but some seasonal decline is expected when marketings reach their peak early this fall.

DRY BEANS AND PEAS

Higher prices for the 1952 than for the 1951 crops seem likely in view of the prospective production of dry edible beans and dry field peas and the continued strong demand expected. The bean crop of August 1 was forecast at 9 percent smaller than the 1951 crop and 12 percent under the recent 10-year average. The dry pea crop on the same date was forecast at 28 percent below last year's small crop and less than half of average.

COTTON

Cotton production in the United States was estimated at 13.7 million running bales (13.9 million 500-pound bales) on September 1. The August 1 carry-over was estimated at 2.7 million bales.

Disappearance of cotton during the 1951-52 marketing year, as reported by the Bureau of the Census, amounted to 14.9 million bales. This includes domestic consumption of 9.2 million and exports of 5.6 million. About 12.3 percent less cotton was consumed in the United States than in 1950-51 but exports were larger than during any crop year since 1939-40.

This season, disappearance of cotton is expected to fall within the 13.3 to 14.6 million range. The small increase that may occur in U. S. consumption is likely to be more than offset by a decline in exports.

The world carry-over of cotton on August 1, 1952 is estimated at about 14 million bales, 2.9 million larger than a year earlier. This increase resulted from a large world production and a decrease in world consumption of about 1 million bales in 1951-52 from 1950-51. Consumption and production in 1952-53 will probably be about the same as in 1951-52.

Prices of cotton at the 10 spot markets increased about a cent during the latter half of July but lost this gain during August. Among the factors influencing these changes in prices are the small supply of cotton relative to spot demand and the reports of dry weather in the first half of July, followed by reports of widespread rains during the first half of August.

Mill margins increased from the low level of 24.40 cents in June to 27.09 cents in July. This was caused by increases in the prices of gray goods which more than offset the increase in cotton prices. The increase in cloth prices were caused by stronger demand for fabrics.

WOOL

Prices of wool in most foreign markets advanced considerably between late March and early August but changed little during August. Prices in United States markets also moved upward, but the gains were much more moderate. The general advance reflected a strengthening of mill demand associated with an upturn in orders and sales and reduced inventories between mill and consumer.

Prices received by domestic growers for shorn wool averaged 52.0 cents per pound, grease basis, in mid-August, compared with 52.7 cents in mid-July and 49.9 cents in mid-April. The mid-August average was 87 percent of parity and compared with the national average loan value of 54.2 cents. This is the fifth month in a row in which average prices received by farmers for shorn wool have been below average loan level. Quotations at Boston for most domestic wools at mid-August were about the same as or slightly higher than at mid-July.

World consumption of wool during the first quarter is estimated to have increased slightly over the final quarter of 1951. However, the quantity consumed was about one-fifth less than during the first 3 months of 1951. Indications are that consumption during the second quarter was at about the same rate as during the preceding quarter.

In the United States, about 24 percent less apparel wool was consumed during the first half of this year than a year earlier. Consumption during the first quarter was the lowest since the second quarter of 1949. However, in the second quarter, when consumption usually declines seasonally, a slight increase is indicated. Consumption during the second half of the year probably will rise more than seasonally above the first half.

Mills used about 22 percent less carpet wool through June of this year than last. The rate for June was about 14 percent below that of June 1951. Consumption during the remainder of the year, however, is likely to be above that of last year.

World supply of wool for the 1952-53 season probably will be slightly larger than last season. The increase, however, will be in the crossbred wools, production of which is expected to rise about 2 percent. In addition, there is a somewhat larger quantity of unsold 1951-52 clip wool, mostly South American.

Production of wool in the United States this year is expected to total somewhat larger than last year. The quantity of wool shorn and to be shorn this year has been estimated at 230 million pounds, grease basis. Production of pulled wool also is likely to be up a little since sheep and lamb slaughter through June was up about one-fourth over last year.

TOBACCO

The auctions for flue-cured began opening in the latter part of July. Demand has been strong and by the end of August, 374 million pounds had been sold at an average of 50.9 cents per pound. This was 3.5 percent more than in the comparable period of last year. Growers have placed about 6 percent of deliveries under Government loan thus far- a smaller proportion than in the comparable period of last year.

Domestic use of flue-cured, mostly in cigarettes, was a record in the year ending June 30, 1952. Cigarette output totaled 422 billion-- 3.7 percent higher than the previous fiscal year record of 1950-51. Drought has lowered this year's production of flue-cured, but with the large carry over, 1952-53 total supplies probably will be a little above the 1951-52 level.

Auction sales for the 1951 crop of Maryland closed on August 8. Demand was generally weaker than in the previous season. The season average price at auctions was near 44 cents per pound--8 percent below that of a year earlier. The 1952 crop of Maryland was indicated at about 34 million pounds as of August 1--close to 17 percent less than the 1951 crop.

The 1952 Burley crop will not be as large as expected earlier because of the hot dry weather. The substantial carry-over will maintain the 1952-53 total supply relatively close to the 1951-52 level. The Government price support level for 1952 Burley probably will be quite close to that for the 1951 crop. Burley marketings usually begin around the first of December.

Exports of unmanufactured tobacco from the United States in the fiscal year ending June 30, totaled 517 million pounds (declared weight) valued at 325 million dollars compared with 477 million pounds at 273 million dollars in 1950-51. Flue-cured comprised 86 percent of the total volume. Exports of tobacco are expected to be lower in 1952-53 than in 1951-52. Britain, the leading outlet, will take considerably less than in 1951-52, when her purchases were the largest in 5 years.

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